

## **OHIO AIR QUALITY DEVELOPMENT AUTHORITY**

The regular meeting of the Ohio Air Quality Development Authority (“Authority”) was held on Tuesday, February 8, 2022, at 10:00 am.

With the current state of the pandemic, the Authority made available a video link for guest presenters and a telephone number for anyone who wanted to listen to the meeting. The phone number was provided to those who requested access by 4:00 pm Monday, February 7, 2022.

These are the minutes of the meeting.

### **Members present in person:**

Jim Simon, Chairman  
Michael Curtin  
Cara Brook

### **Ex-Officio members present:**

Laura Factor, Ohio EPA  
Gene Phillips, Ohio Department of Health

### **Members present remotely:**

Michael Keenan, Vice Chairman

### **Staff present in person:**

Brooke Grant, Manager of Planning and Projects  
Sandra Langston, Administrative Manager  
Dawn Pertner, Fiscal Officer  
Gabe Lorenz, Customer Service Coordinator  
Joseph Mechling, Program Assistant

### **General Counsel:**

Thad Boggs, Frost Brown Todd

### **Staff present remotely:**

Christina O’Keeffe, Executive Director  
Laura Klein, Program Coordinator

### **Guests present:**

#### **The following guests were present remotely:**

Blake Beachler, Calfee, Halter & Griswold  
Steve Sparks, Frost Brown Todd  
Mary Sullivan, Dinsmore & Shohl  
Steve Smith, Frost Brown Todd  
Leah Hooks, Inspire PR Group  
Jim Schultz, Huntington National Bank

Phil Muldoon, TE Fusion  
Matt Schnackenberg, PFM Financial  
Nick Lingenfelter, PLK Communities  
Katie Lundy, Inspire PR Group  
Mary Ellen Corbett, Calfee, Halter & Griswold

This meeting of the Authority has been duly posted and given to all news media, organizations and other persons who requested such information in accordance and in full compliance with Chapter 3706-1 of the Ohio Administrative Code.

Chairman Simon called the meeting to order at 10:00 a.m.

1. The Chairman welcomed everyone.

The roll call of Authority Members:

Chairman Simon – Present

Vice Chairman Keenan – Present remotely

Member Curtin – Present

Member Brook – Present

Member Factor – Present

Member Phillips – Present

The Chairman asked General Counsel to confirm the meeting's compliance with the Open Meetings Act. Mr. Thad Boggs confirmed that a quorum of five members was present in person, that the meeting remained an open, public meeting, and confirmed the meeting was fully in compliance with state law. He stated that, to approve votes, there would need to be an affirmative vote of four members physically present at the meeting, and due to the virtual participation of Member Keenan. A roll call vote should be taken for each item that requires a vote.

Chairman Simon stated that the Authority would be explicit on which item was on the table for discussion or vote, and that he would recognize members and guests by name and title during discussions or ask them to introduce themselves. He mentioned that the roll call vote for resolution would be taken in random order.

Chairman Simon welcomed new OAQDA staff member Joseph Mechling to the team. He asked Gabe Lorenz to provide an overview of Microsoft Teams meeting.

2. Minutes – Regular business meeting January 11, 2022.

Member Curtin moved for approval of minutes. Member Factor seconded.

Roll call vote:

Member Brook: Yes

Member Factor: Yes

Member Phillips: Yes

Chairman Simon: Yes

Member Curtin: Yes

Motion passed unanimously. Minutes adopted.

### 3. Resolution 22-06 (CAIP) 3660 Michigan LLC

A resolution authorizing the issuance of not to exceed \$22,000,000 Air Quality Revenue Bonds of the State of Ohio in order to assist 3660 Michigan LLC in the financing of costs of air quality facilities in order to promote the public purposes of Chapter 3706, Ohio Revised Code; providing for the assignment of revenues for the payment of the bonds; authorizing the execution and delivery of a loan agreement, an assignment of loan agreement and the bonds; and authorizing and approving related matters

Director O’Keeffe presented the resolution and stated OAQDA has been working closely with the applicant during the evaluation process. The applicant had appeared at the previous month’s board meeting for their inducement resolution.

She explained that the project is in Cincinnati, and the developer is PLK Communities. This project type is a whole building under the Clean Air Improvement Program (CAIP). Heapy Engineering reviewed the project application to verify its technical performance, and the report is available in your information packet. The project is expected to exceed the 50% threshold in the CAIP guidelines, specifically achieve 68% energy savings that includes the generation from the onsite solar. A financial analysis was performed by PFM Financial to understand the impact on local communities, and their report was provided in January on estimates for tax abatement. Since then, PFM also reviewed more financial details, including the proforma, in order to address the question for need for public assistance. Mr. Schnackenberg will present further on this topic. Local communities have also sent acknowledgement letters of the project. The applicant is requesting approval for a bond resolution at this meeting.

Director O’Keeffe introduced Nick Lingenfelter with PLK communities.

Mr. Lingenfelter expressed appreciation and acknowledged everyone’s time and support in getting the project close to the finish line. The project will be financed by Huntington Bank. Not foreseeing any hurdles, they hope to close by end of February. The budget is finalized at \$23.57 million; just under \$450,000 per unit. This figure is a bit higher than what was presented at last month’s meeting. It is primarily due to the acquisition of a small parcel of land behind the facility as well as some additional solar costs. The parcel will give flexibility to access in the event they need to dispose of trash because of the tightness of the facility. This additional land purchase is not a part of the request to OAQDA.

Huntington is providing a loan for \$18.6 million, and PLK will be contributing \$5 million in equity. Groundbreaking is underway. They are planning that construction will be finished by late February or early March 2023.

Mr. Lingenfelter provided an update on the solar electric system. A contractor was selected and adjustments to the sizing on the roof to provide adequate safety clearance. This change will present a minor reduction of size in about 10 kWh and a slight reduction in efficiency of roughly 1%.

Member Brook asked Mr. Lingenfelter to provide an update on their economic metrics, specifically as it relates to community development goals. Lingenfelter replied the most important feature is

the project's integration with the bike trail network, supported with significant investment by the city of Cincinnati and the first major investment into bike trails. PLK Communities wants to amplify the city's investment and doing so with their project.

Mr. Matt Schnackenberg from PFM Financial Advisors was asked to present on the financial aspects of the project. Mr. Schnackenberg explained that in order to determine if the project needs public assistance, they created a 10-year proforma based on their own assumptions and compared it to the assumptions of the applicant.

They analyzed the Internal Rate of Return (IRR) and Annual Debt Service Coverage. Ten years was noted as the standard term for reasonable internal rate of return. A few items were identified, such as the increase in project cost projections relating to solar would not impact the analysis, and the point that PLK will put in more equity due to maximum loan limits by Huntington.

Mr. Schnackenberg provided information from his report detailing the impact of the tax exemptions and using scenarios to determine the need for public assistance to support the project. It was concluded that the project as currently designed and to be constructed with the sustainability features would not happen but for OAQDA's financing and tax benefits.

Member Curtin inquired about the two to three largest variables that would drive whether a project needs public assistance. He wondered if there are projects in the Cincinnati area that are proceeding without abatements, and if so, what are the key distinguishing characteristics between those projects that need public assistance and those that do not. Mr. Lingenfelter responded by stating that projects are usually not built in Cincinnati without financial assistance because of the tax rate structure. Cincinnati's tax rate is high compared to nearby municipalities and counties, so they typically don't receive incentives in those areas. Based on his experience, he stated that Cincinnati is very expensive for building developments, even residential projects for single family homes need abatement. Mr. Schnackenberg also stated the main drivers for public assistance is geographic location and condition of the property.

Member Curtin inquired if it is only in Cincinnati where the tax rates are high or is it all of Hamilton County. Mr. Lingenfelter replied it is all of Hamilton County, but it varies greatly by municipality. For example, in Norwood the tax rate could be 2.7%, while in Cincinnati it could be 3.2%. All municipalities have their own abatement programs. Another way they could have structured this deal would be a lead abatement along with a port authority sales tax, but they preferred the OAQDA program due to the focus on the environment.

Chairman Simon stated essentially the project would not have positive cash flow without OAQDA's public assistance. Mr. Lingenfelter confirmed affirmatively.

Member Brook moved for approval. Member Factor seconded.

Roll call vote:

Member Phillips: Yes

Member Brook: Yes

Chairman Simon: Yes

Member Curtin: Yes

Member Factor: Yes

Motion passed unanimously. Resolution adopted.

#### 4. Resolution 22-07 (CARC Amendment) CarPro Auto Sales LLC

A resolution that approves grant assistance not to exceed \$20,000 from the Small Business Assistance Fund to Pegasus Specialty Vehicles for the purpose related to the eligible portions of the financing approved through Resolution 22-01.

Executive Director O’Keeffe stated this resolution is an amendment to the bond resolution that was approved by the Authority in August 2021. The bonds have not been issued due to delays in the delivery of the equipment with the supplier. A six-month time period outlined in the bond resolution will expire at the end of the month. Due to the challenges of the global supply chain and the pandemic, the borrower is requesting another six-month extension to allow the equipment to be delivered and installed. Chairman Simon inquired if there will be similar amendments in the future due to global shipping concerns. Executive Director O’Keeffe replied none other than this project has been brought to their attention; however, the team will continue to monitor the situation.

Member Curtin moved for approval. Member Phillips seconded.

Roll call vote:

Member Factor: Yes

Member Curtin: Yes

Chairman Simon: Yes

Member Brook: Yes

Member Phillips: Yes

Motion passed unanimously. Resolution adopted.

#### 5. Executive Director’s Report

Director O’Keeffe introduced a new staff member Joseph Mechling in the Program Assistant position. He is a native of Columbus and a recent graduate of The Ohio State University with a degree in Environmental Policy and Decision Making. He expressed that he is very happy to be working at OAQDA.

Director O’Keeffe presented the revised OAQDA vision statement to include

“Position Ohio as a leader in harmonizing a strong economy and a healthy environment.”

She expressed her appreciation to Members Curtin and Brook for their input in revising the statement. This statement will be considered for approval at a future board meeting to be adopted.

Vice Chairman inquired if there are updates on the announcement of the new Intel facility that will be constructed in New Albany. Director O’Keeffe indicated that in discussions with JobsOhio there may be opportunities for OAQDA to be supportive of the sustainability aspects of the project, or more likely with supporting the suppliers locating within the area that need to integrate sustainability in their facilities. Further, she is presenting to the JobsOhio’s project manager network along with the regional network leadership team in the near future. Vice-Chairman Keenan remarked that Intel wants to be 100% carbon free by 2030, so he believes that should create an opportunity for OAQDA. Director O’Keeffe replied there could be several opportunities as it relates to the green design elements of their facility plus the use of onsite solar power or renewables, if they decide to pursue these features in their facility. The other option is using renewable energy credits to help offset their carbon footprint. As she learns more, she will update the Board. Vice Chairman Keenan inquired if the Green Bonds would be applicable. Director O’Keeffe confirmed affirmatively that it is an option for a project like this one. She is speaking with the Project Manager Network of JobsOhio on February 9.

## 6. Adjournment

The Chairman adjourned the meeting at 10:34 a.m.